

physician who joins is contributing his services at reduced fees and is actually rendering services for the direct profit of laymen, in violation of the Principles of Medical Ethics.

Senate Bill 970, now before the California Legislature, would control this type of business by placing it under the jurisdiction of the State Insurance Commissioner, who would by law invoke the usual requirements for operating an insurance business in the state. The California Medical Association will support this type of legislation. This racket must be stamped out before it causes direct harm to the public and indirect harm to the public and medicine alike in undermining public confidence in legitimate sickness cost insurance programs. Voluntary health insurance is a boon to the people of the state, and the fringe operations of greedy racketeers with snide schemes must not be permitted to reflect upon its good record.

Insurance—Good or Bad

The State Insurance Commissioner has written the California Medical Association regarding the continuing circularization of doctors by out-of-state insurance carriers who offer what appear to be bargains in accident and health insurance policies. He points out that these companies cross over state lines by using the mails and do not bother to take out licenses to sell their services in California. He also shows that in many cases the coverage offered by these companies is second grade or worse, often to the point of constituting a fraud and misrepresentation to the policyholder.

The Commissioner's point is well taken and gives cause to reiterate the old warning about reading the fine print as well as the large. In the words of one of our own members, "The large print giveth; the small print taketh away."

Toward Better Service for Hospitalized Patients

In order that the benefits of scientific medicine may reach the public, it is essential that conditions be such that the public have reasonable access to well trained physicians. It has been estimated that approximately 30 per cent of patients require hospitalization from time to time. When hospitalized they frequently need the services of such specialists as pathologists or radiologists. It is desirable that these specialists be readily available in hospitals. In order to avoid the possibility of inferior service to patients in this regard it is desirable that the conditions under which these specialists are appointed to hospital staffs be those which attract the competent.

It is therefore with pleasure that we note a forward step in the development of sound relationships between physicians and hospitals recently outlined by legal counsel for the California Medical Association and representatives of radiologists in this state. These groups, working at the direction of their respective bodies, have evolved a model contract for the appointment of radiologists in hospitals under ethical conditions. The outline is intentionally a broad one, inasmuch as conditions vary greatly from one district to another, and from hospital to hospital.

In general, the contract is one under which the physician practices his specialty as an "independent contractor" in the institution, and the hospital recovers all costs plus a reasonable return on its

investment in space and equipment (or in space, when space alone is furnished). It is estimated by various investigators that the cost of conducting a modern radiological department in a private hospital of average size is between 33 and 45 per cent of the gross income of the department; to this figure may be added a reasonable percentage as a special return on investment (for example, 3 to 5 per cent). These sums should be paid to the hospital each month by the specialist or specialists conducting the department. An efficient method for the average private hospital is one under which the apparatus is furnished and maintained by the specialists involved.*

It is highly desirable that senior or experienced specialists be attracted to staff positions, so that the benefit of their knowledge may be available in the complex cases of all types and in all specialties which tend to gravitate to hospitals. Many administrators are conscious of the desirability of securing mature and able men for these posts, and no longer tend to seek the "just-graduated" for positions as departmental heads. If the physician is offered an ethical type of appointment and one under which there can be no question of dividing professional fees, then not only the institution but, much more important, the hospitalized sick will benefit. The new contract is to be commended.

*Report of C.M.A. Committee, Calif. & West. Med., 46:419, June, 1937.